



April 10, 2013

Jim Woody  
*President*

Kelly Worthington  
*Executive Vice President*

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**Re: WC Docket No. 10-90 and WC Docket No. 05-337**

Dear Ms. Dortch:

On April 9, 2013, Steve Davis, Zack Odell and Paul Harbaugh of South Central Telephone Association, Inc. ("SCTelcom"); Wendy Morris of TCA; and Gerry Duffy representing the Western Telecommunications Alliance met with Commissioner Mignon Clyburn and Angela Kronenberg, Wireline Legal Advisor to Commissioner Clyburn, regarding SCTelcom's pending petition for waiver of the \$250 per loop per month cap and quantile regression benchmark limitations of the high-cost support for its Oklahoma study area.

SCTelcom urged action soon upon its waiver petition, which has been pending since December 5, 2012. SCTelcom has been required to deploy substantial fiber optic plant to replace deteriorating copper facilities. Whereas the Commission's changes to high cost support mechanisms discouraged this construction during 2011, it could not be put off any longer and was commenced during 2012.

Unfortunately, without the requested waiver, reductions in SCTelcom's high-cost support will put it in likely default of its Rural Utilities Service ("RUS") loan covenants within the foreseeable future. SCTelcom has been discussing these matters with the RUS staff, but the needed loan restructuring relief appears to require Congressional action.

SCTelcom notes that it has expended approximately \$30,000 to date for the preparation and prosecution of its waiver petition.

Attached is a copy of the "Waiver Highlights" document provided to Commissioner Clyburn and Ms. Kronenberg during the meeting.

Respectfully submitted,

/s/  
Gerard J. Duffy  
Regulatory Counsel

cc: Commissioner Mignon Clyburn  
Angela Kronenberg

**South Central Telephone  
Association, Inc.**

# Waiver Highlights

## **Waiver of \$250 Cap and QRA Cap filed on December 5, 2012**

- FCC reforms cause a 50% decrease in revenues
- Equates to over \$257 per access line per month of revenue deficiency
- Waiver filed December 5<sup>th</sup> 2012 as of March 27<sup>th</sup> still pending
- Waiver covered the \$250 cap and limiting reimbursable capital and operating expense
- Comment period is now closed
- All comments were in favor of the waiver
- Carrier of last resort obligations
- Oklahoma is the smallest of two study areas; Kansas is the other
- Oklahoma service area has only 0.67 customers per route mile and 0.56 customers per square mile in our rural serving area and 1.07 customers per square mile overall
- No wireline competition and limited wireless 80% by a single wireless carrier and the area is not served by AT&T or Verizon
- 226 customers and 138 internet customers or 62% take rate
- Support to be reduced by more than half, causing a negative cash-flow and placing customers at risk of losing access to voice and broadband service
- Debt Service is over \$1.7 million
- Reductions in support will cause a default on RUS loans within a few months of implementation of full impact
- 13.7% of customers are low-income and South Central is the only provider of Lifeline throughout the entirety of its service area
- The only terrestrial backhaul provider in the area placing robust wireless broadband in the future at risk



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